

**TESTIMONY OF
Robert Smanik
BEFORE THE
APPROPRIATIONS COMMITTEE**

Friday, February 22, 2013

**HB 6350, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015,
AND OTHER PROVISIONS RELATING TO REVENUE**

Good afternoon. My name is Robert Smanik, and I am the President and CEO of Day Kimball Healthcare, Inc. I am here today to testify in opposition to **HB 6350, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015, AND OTHER PROVISIONS RELATING TO REVENUE.**

In December, in an effort to balance the state budget, the Governor turned to hospitals. The cuts he made impact Day Kimball's FY2013 by \$3.8 million. These cuts were unprecedented, unexpected, unexplained and retroactive, taking effect immediately and completely dismantling our current fiscal year a quarter into it. We are reeling from this cut, and as a result, we have to make some very tough decisions.

Now, the Governor is again turning to our state's healthcare system to make up the deficit. This time, he is planning to cut almost \$8 million from our organization over the next two years. And, in fact, these cuts totally eliminate a revenue source that includes matching federal dollars to support care for the uninsured and underinsured.

In order for you to understand the full impact of the budget proposed by Governor Malloy will have on Day Kimball Healthcare, it's important to understand who we are and who we serve in northeast Connecticut.

More than 115 years ago, Day Kimball Hospital was formed to bring medical care to this rural community. This is our legacy: To provide healthcare services to northeast Connecticut.

We remained hospital-focused in our care delivery until 1972 when we began offering pediatric services. Today, preventive care is central to improving lifestyle behaviors and addressing the increasing costs of healthcare.

In the mid-1980s, we began to vertically integrate in-home care services into hospital and nursing home care through the formation of Community Health & Homecare and Northeast Homemakers, later rebranded as Day Kimball HomeCare and Day Kimball HomeMakers. Today, in-home care services are viewed as critical to controlling the cost of healthcare.

During the last four years, we secured primary care services for this region through the acquisition of existing practices that were faltering in the community due to physicians leaving the region and/or retiring. On January 1, 2013, our practices were renamed Day Kimball Medical Group. We employ more than 70 physicians with more than 250 staff managing multiple locations throughout our region. We have adopted the patient-centered medical home model, which is a NCQA-recognized best practice of care with the goal of increasing quality and decreasing costs in healthcare.

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Today, we are so much more than a hospital. The Board of Directors has purposefully invested in people and infrastructure to be at the forefront of the emerging healthcare model: proactive wellness care and care management of episodic and chronic conditions.

Today, we are faced with a proposed state budget for FY2014-15 that has the potential to hinder Day Kimball's ability to deliver healthcare to northeast Connecticut. The existing cuts and revenue sources outlined in the budget will not allow Day Kimball to sustain its current scope of services. For instance, because these cuts further reduce the reimbursement rates of Medicaid patients and Day Kimball's pediatrics practice is 40% Medicaid, we may be forced to limit access for these patients in our physician practices. Overall, Day Kimball Medical Group, which includes pediatrics, internal and family medicine and specialty care, have almost 8,000 active Medicaid patients. This is almost 20% of more than 41,000 individuals we serve through our medical group. *We will be forced* to wait to treat these patients until *they are forced* to seek treatment in the hospital emergency department. This represents a complete reversal of everything we have – and our government has – been working to resolve.

Our contribution to the community extends beyond our caregiving. Day Kimball Healthcare plays a critical role in our economy. We employ more than 1400 people, with 81 percent living in northeast Connecticut. Additionally, many others throughout our community are dependent on the business we generate. In total, we have an economic impact on our community of more than \$227.9 million. The domino effect should we be forced to reduce our workforce will have distressing effects on a region.

Many don't understand that northeast Connecticut is home to many who are already struggling: 58,766 (64 percent) live below the state's \$70,705 median household income; 8090 (11 percent) live at or below poverty level, with 6 of our 13 towns having a higher poverty rate than the state's 9.2 percent. We cannot further stress this region.

We know that when our legislators fully understand the jeopardy their constituents are being placed in, they will work with us to address the complexities of a proposed budget that not only risks the health of the residents of northeast Connecticut, it will ultimately cost the state more money. We cannot allow this budget to pass as it is currently drafted. We look forward to working with our leaders to find solutions that protect northeast Connecticut.

Thank you for your consideration of our position.